

Sustainable Equity Fund

Quarterly Commentary

Portfolio Review

Stocks posted strong gains. U.S. stock indices were broadly higher as investors grew increasingly optimistic that the Federal Reserve (Fed) had engineered a soft landing amid cooling inflation and continued economic growth. As the Fed paused interest rates, signs pointed to possible rate cuts in 2024.

Growth stocks continued to outperform. Returns for growth stocks exceeded those for value stocks during the quarter, except in the small-cap universe, where value outperformed. Small-cap issues outperformed their mid- and large-cap peers. Year to date, growth outperformed value across the capitalization spectrum.

Pharmaceuticals benefited performance. Stock selection in the industry aided health care performance, largely due to not owning Pfizer and Johnson & Johnson. Pfizer is struggling with weaker revenues for its COVID-19 vaccine and boosters. Johnson & Johnson reported disappointing trial data for its lung cancer drug.

Consumer staples helped performance. Outperformance was led by distribution and retail, where retailer Target was a key contributor. Target's margins were better than expected despite softening demand trends.

Automobile components detracted from relative performance. Stock selection in the industry hampered performance in the consumer discretionary sector. The automotive parts retailer Aptiv underperformed on investor concerns that a slowdown in global electric vehicle growth could hamper Aptiv's ability to outgrow the overall automotive market.

Key Contributors

Exxon Mobil. Stocks in the energy sector were weak in the quarter, hampered by lower oil and gas prices. Not owning this oil company benefited performance.

Advanced Micro Devices. This semiconductor chipmaker's stock outperformed on robust guidance and commentary on artificial intelligence (AI). In addition, the company's management laid out its financial goals for AI, as well as strong partnership, customer and technology details.

Chevron. Stocks in the energy sector were weak in the quarter, hampered by lower oil and gas prices. Not owning this oil company benefited performance.

Key Detractors

Schlumberger. This oil field services company lagged along with other stocks in the energy sector due to lower oil and gas prices. We think Schlumberger remains well positioned with 80% of revenues derived from international sources, where growth has been stronger relative to North America, where the rig count declined in 2023.

Broadcom. Not owning this semiconductor company detracted as it reported solid quarterly results. Broadcom closed its VMware acquisition, which we think will likely boost revenues.

Goal and Strategy

Long-term capital growth with income as a secondary objective.

Portfolio Management Team

Name	Start Date	
	Industry	Company
Joseph Reiland, CFA	1995	2000
Justin Brown, CFA	1993	2000
Rob Bove, CPA	1994	2005

Top 10 Holdings (%)

Microsoft Corp	8.60
Apple Inc	5.14
Alphabet Inc	4.34
NVIDIA Corp	3.08
Amazon.com Inc	3.06
UnitedHealth Group Inc	1.88
Meta Platforms Inc	1.80
Prologis Inc	1.80
Visa Inc	1.78
Home Depot Inc/The	1.69

As of 12/31/2023

The holdings listed should not be considered recommendations to purchase or sell a particular security. Equity holdings are grouped to include common shares, depository receipts, rights and warrants issued by the same company. Fund holdings subject to change.

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ConocoPhillips. Our holding of this oil company underperformed as stocks in the energy sector were weak due to lower oil and gas prices. However, ConocoPhillips reported a stronger financial quarter than expected and raised its dividend, paid down debt and repurchased stock.

Notable Trades

FedEx. We initiated a position in this delivery service. The company's new management team is focused on restructuring the business and reducing costs, which we think should result in better earnings and an improved financial position.

Dexcom. This new position is one of the leading manufacturers of continuous glucose monitors, which we expect will continue to be a rapidly growing market, as new indications are approved and are eligible for reimbursement.

Humana. We exited the position to reduce our overweight relative to the benchmark in managed care companies. We believe increased health care utilization rates could hinder the company's earnings. The environment for Medicare Advantage programs also appears less favorable, in our opinion, and this could have a negative impact on Humana, which has the highest exposure to Medicare Advantage among its peers.

Norfolk Southern. This railroad's stock was eliminated to fund other investments within the transport group, where we believe there is more potential.

Portfolio Positioning

Our process uses bottom-up financial analysis aimed at identifying what we believe are growing, large-cap companies demonstrating sustainable corporate behaviors. Rather than screen out certain industries or sectors, we seek to identify companies with what we have determined are the strongest financial profiles and the best potential for growth and environmental, social and governance (ESG) characteristics in each sector. As a result of this approach, our sector and industry allocations reflect those areas of the market where we believe we are finding opportunities at a given time.

There is still uncertainty in the economy. Concern remains about whether higher interest rates have yet had their full impact. There are growing economic headwinds, as more pandemic programs have expired, and the upcoming election cycle contributes to more uncertainty. Geopolitical unrest persists. Tragic events and war in the Middle East injected additional market volatility during the quarter. Nevertheless, we continue to believe that well-run businesses in strong positions with respect to their competition and sustainability practices are best able to navigate current conditions.

Financials was overweight relative to the benchmark. Our financials positioning is driven primarily by heavier allocations to the capital markets and insurance industries, where we believe companies have benefited from higher interest rates.

We continue to favor health care. We have reduced our managed care positions as we believe signs of a pickup in health care utilization rates could limit the earnings potentials for companies in the industry. In addition, we believe the moderating inflationary and interest rate environment over the past few months has made health insurance companies less attractive relative to other investments.

We like select information technology stocks. Our process focuses on companies we believe are ESG leaders with improving financial positions. At present, we have identified what we think are opportunities in the electronic equipment, instruments and components industry. We also have found select companies in software and IT services that we think are attractive.

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TICKERS	Investor Class: AFDIX	I Class: AFEIX	A Class: AFDAX	C Class: AFDCX	R Class: AFDRX	R5 Class: AFDGX	R6 Class: AFEDX
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Data presented reflects past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance shown. To obtain performance data current to the most recent month end, please visit www.americancentury.com/performance. Investment return and share value will fluctuate, and redemption value may be more or less than original cost. Data assumes reinvestment of dividends and capital gains. Returns for periods less than one year are not annualized. For information about other share classes available, please consult the prospectus. There is no guarantee that the investment objectives will be met. Dividends and yields represent past performance and there is no guarantee that they will continue to be paid.

Average Annual Total Returns for Period Ended 12/31/2023

Class	Qtr (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)
Investor	11.76	24.20	8.73	15.45	11.54	10.40	7/29/05	0.79
I	11.82	24.45	8.94	15.68	11.76	10.62	7/29/05	0.59
R5	11.82	24.44	8.93	15.69	11.76	13.56	4/10/17	0.59
R6	11.86	24.65	9.10	-	-	13.38	4/1/19	0.44
S&P 500 Index	11.69	26.29	10.00	15.69	12.03	-	-	-

Historical performance for the R5 Class prior to its inception is based on the performance of I Class shares, which have the same expenses as the R5 Class. Expense ratio is as of the fund's current prospectus. The I Class minimum investment amount is \$5 million (\$3 million for endowments and foundations) per fund. The R5 Share Class is available only to participants in group employer-sponsored retirement plans where a financial intermediary provides recordkeeping services to plan participants. Returns or yields for the fund would have been lower if a portion of the management fee had not been waived. Review the annual or semiannual report for the most current information. Periods greater than one year have been annualized.

You should consider the fund's investment objectives, risks, and charges and expenses carefully before you invest. The fund's prospectus or summary prospectus, which can be obtained at americancentury.com, contains this and other information about the fund, and should be read carefully before investing.

The value and/or returns of a portfolio will fluctuate with market and economic conditions. Different investment styles tend to shift in and out of favor depending upon market and economic conditions, as well as investor sentiment. A fund may outperform or underperform other funds that employ a different investment style. Although the fund's performance has historically benefited from investments in initial public offerings (IPOs), future IPO exposure likely will be limited by the fund's investment process. International investing involves special risk considerations, including economic and political conditions, inflation rates and currency fluctuations. The opinions expressed are those of the portfolio investment team and are no guarantee of the future performance of any American Century Investments portfolio. Statements regarding specific holdings represent personal views and compensation has not been received in connection with such views. This information is for an educational purpose only and is not intended to serve as investment advice.

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Many of American Century's investment strategies incorporate the consideration of environmental, social, and/or governance (ESG) factors into their investment processes in addition to traditional financial analysis. However, when doing so, the portfolio managers may not consider ESG factors with respect to every investment decision and, even when such factors are considered, they may conclude that other attributes of an investment outweigh ESG considerations when making decisions for the portfolio. The consideration of ESG factors may limit the investment opportunities available to a portfolio, and the portfolio may perform differently than those that do not incorporate ESG considerations. ESG data used by the portfolio managers often lacks standardization, consistency, and transparency, and for certain companies such data may not be available, complete, or accurate.

ESG Definitions

- **ESG Integrated:** An investment strategy that integrates ESG factors aims to make investment decisions through the analysis of ESG factors alongside other financial variables in an effort to deliver superior, long-term, risk-adjusted returns. Therefore, ESG factors may limit the investment opportunities available, and the portfolio may perform differently than those that do not incorporate ESG factors. Portfolio managers have ultimate discretion in how ESG issues may impact a portfolio's holdings, and depending on their analysis, investment decisions may not be affected by ESG factors.
- **ESG Focused:** An investment strategy that focuses on ESG factors seeks to invest, under normal market conditions, in securities that meet certain ESG criteria or standards in an effort to promote sustainable characteristics, in addition to seeking superior, long-term, risk-adjusted returns. This investment focus may limit the investment opportunities available to a portfolio. Therefore, the portfolio may underperform or perform differently than other portfolios that do not have an ESG investment focus. ESG-focused investment strategies include but are not limited to impact, best-in-class, positive screening, exclusionary, and thematic approaches.

